

## Message Text

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ORIGIN EB-11

INFO OCT-01 NEA-10 ISO-00 COME-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 OMB-01 TRSE-00 INT-08 STR-08

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DRAFTED BY EB/ISM:WPOLIK:LMP

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EB/ICD:JJINGERSOLL

NEA/PAB:LBLESSER

COMMERCE:BEWT:WSWEENEY

COMMERCE:BDC:JLEVIN

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P R 201452Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY DACCA PRIORITY

INFO AMEMBASSY ISLAMABAD

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E.O. 11652: N/A

TAGS: EIND, ETRD, BG

REF : DACCA 1199

SUBJECT: US FERROUS SCRAP EXPORTS

1. RE PARA 3 REFTEL, QUESTION OF PRICE IS SOMETHING THAT MUST BE RESOLVED BETWEEN FOREIGN BUYER AND US EXPORTER. EMBASSY DOES NOT INDICATE TIMING OF ASSOCIATED METALS' (AM) PRICE QUOTATION, NOR GRADE(S) OF SCRAP BEING QUOTED, BUT IN ALL LIKELIHOOD CURRENT PRICES ARE EVEN HIGHER, SINCE SCRAP PRICES HAVE INCREASED STEADILY SINCE BEGINNING OF 1974. COMPOSITE PRICE (CHICAGO, PHILADELPHIA, PITTSBURGH) OF NUMBER ONE HEAVY MELTING SCRAP, THE GENERALLY ACCEPTED INDICATOR OF US SCRAP PRICES, HAS RISEN FROM 76.50 DOLLARS  
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TO OVER 118 DOLLARS PER LONG TON SINCE BEGINNING OF 1974.

2. WE CAN UNDERSTAND BDG UNHAPPINESS OVER BEING RESTRICTED TO DEALING WITH ONLY ONE US SCRAP EXPORTER, BUT THIS WAS NOT RPT NOT "ARBITRARY USG DECISION." RATHER, SITUATION STEMS FROM HARD FACT THERE WAS ONLY ONE US SCRAP EXPORTER TO BANGLADESH DURING BASE PERIOD. BEGIN FYI: USG UNABLE DO A YTHING RE EXPANDING SOURCES OF US SCRAP SUPPLIES TO BANGLADESH IN FIRST QUARTER, BUT PLANS TO EXPLORE POSSIBILITIES OPEN TO IT IN SECOND QUARTER, INCLUDING EMBASSY SUGGESTION CONTAI ED PARA 7 REFTEL. HOWEVER, UNTIL WE HAVE EXPLORED POSSIBLE LEGAL AND OTHER OBSTACLES TO EXPANDING SUPPLY SOURCES, EMBASSY SHOULD NOT RPT NOT OFFER BDG ANY ENCOURAGEMENT ON THIS POINT. IF ASKED, EMBASSY SHOULD CONFINE REPLY TO STATEMENT THAT WE ARE STUDYING MATTER. END FYI.

3. BANGLADESH SECOND QUARTER QUOTA WILL BE APPROXIMATELY SAME AS FOR FIRST QUARTER (I.E., 3,830 SHORT TONS), AND ANY INCREASE WOULD AGAIN HAVE TO BE THROUGH A CONTINGENCY RESERVE ALLOCATION. AS NOTED IN STATE 22769, FIRST QUARTER CONTINGENCY ALLOCATION DOES NOT PRECLUDE POSSIBILITY OF SIMILAR SECOND QUARTER ALLOCATION, BUT FACT THAT COUNTRY RECEIVED FIRST QUARTER ALLOCATION WILL HAVE TO BE CONSIDERED IN ALLOCATING SECOND QUARTER CONTINGENCY RESERVE IN VIEW OF LARGE NUMBER OF FOREIGN REQUESTS FOR CONTINGENCY RESERVE ALLOCATIONS.

4. RE PIG IRON PRICES REQUESTED PARA 4 REFTEL, DEPARTMENT CONTACTED BETHLEHEM STEEL AND US STEEL, WITH FOLLOWING RESULTS. BETHLEHEM STEEL (WHICH HAS COASTAL PLANT AT SPARROWS POINT, MARYLAND) DECLINED PROVIDE ANY PRICE SINCE IT CURRENTLY NOT EXPORTING PIG IRON. US STEEL QUOTED PRICE OF 99.50 DOLLARS PER SHORT TON FOR BASIC GRADE AND 100.00 DOLLARS PER SHORT TON FOR FOUNDRY GRADES, FOB ITS (INLAND) MILLS, AND ESTIMATED THAT INLAND FREIGHT TO PORT WOULD ADD ANOTHER 20 DOLLARS PER SHORT TON. HOWEVER, US STEEL CAUTIONED THAT WHILE IT IS MAKING QUOTATIONS IT ACTUALLY IS EXPORTING LITTLE IF ANY PIG IRON AT THIS TIME. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, EXPORT CONTROLS, EXPORT LICENSES, EXCESS PROPERTY PROGRAMS, PRICES  
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**Copy:** SINGLE  
**Draft Date:** 20 MAR 1974  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
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